GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:40
ANSWERED ON:26.02.2008
VISHESH KRISHI AND GRAM UDYOG YOJANA
Lagadapati Shri Rajagopal

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the efforts made by the Government to minimize the job losses in our traditional export industries like handicrafts, textiles, etc.

(b) the extent to which the Vishesh Krishi and Gram Udyog Yojana is helping the above people;

(c) the details of products listed under VKGUY;

(d) whether the Government proposes to include more products under VKGUY; and

(e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) With a view to compensate for the adverse impact of rupee appreciation which is leading to job losses, Government has provided relief, details of which is Annexed.

(b) Under VKGUY scheme, with an aim to compensate high transport costs, exporters are granted duty credit scrip equivalent to 5% of FOB value of exports. To this extent, exporters are compensated which improves their competitiveness in the world markets. However with a view to encourage procurement from domestic agriculture sector, the benefits under VKGUY scheme is reduced to 3.5% on FOB value of exports in case import of Agriculture Inputs (other than catalysts, consumables and packing materials) is permitted under duty exemption / remission schemes of Foreign Trade Policy for the exported product.

(c) Under VKGUY scheme; agricultural produce (and their value added variants) and minor forest produce (and their value added variants) as well as Gram Udyog Products and Forest Based Products are covered under the scope of the scheme. More than 700 products are listed in itemized list given in Appendix 37A of Handbook of Procedures Vol. I, which broadly covers poultry, dairy, fruit, vegetable, flower, minor forest produce and their value added variants as well as gram udyog products and forest based products (artistic wooden furniture items). The Appendix 37A is easily accessible from DGFT website www.dgft.gov.in.

(d) and (e) Government proposes to cover more products in the scheme as a part of annual Foreign Trade Policy review. This inclusion shall be done in consultation with Ministry of Finance in so far as financial outgo is concerned.